

the suspension of currency payments, and even the market for foreign exchange was temporarily blocked. Almost immediately, however, came into play the well-established economic principle that in such emergencies goods will be sacrificed to obtain money. The change in the character of the foreign trade of the country within the short period of five months presented an instructive revolution. A volume of imports which, in connection with foreign freights, increased the obligations of the country abroad, was suddenly turned into a balance of two to one in favor of exports by expediting the movement of the crops to Europe and by the curtailment of imports. The actual figures of the merchandise movement in these five months afford so striking an illustration of the tendencies of the market in time of panic that it is worth while to reproduce them :

*Foreign trade movement ^ August
1, to December 31, 1907.*

Month.	Imports of merchandise.	Exports of merchandise.	Excess of exports.
Aufirst	\$ 127,270.4	\$ 127,270.4	\$1,464.4
^September	106.176.218.042	176.218.042	28.953.1
October	111.912.62	180.256.085	68.343.4
November	110.942.91	204.474.217	93.531.3
December	02.288.771	207.170.436	114.800.6

Commercial conditions naturally reflected the strain in the money market. The crisis came too late in the year to pull down greatly the average of business movements, but in the last ten weeks of 1907 stock market prices fell sharply, clearings decreased, dividends were passed or reduced in many cases, and failures of large corporations and private firms became frequent. The shrinkage in the market value of stock exchange securities

alone was estimated as high as \$5,000,000,000.¹ Exchanges through the clearing houses

¹ *New York World*, December 29, 1907. Computed shrinkage on leading stocks as compared with December 31, 1906, was \$2,609,552,825. Losses on bonds were estimated at \$1,000,000,000 and on mining and unlisted stocks nearly \$1,500,000,000.